

Office of Legislative
Auditor General



WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL

February 20, 2014

500 GRISWOLD STREET
STE. 848; GUARDIAN BLDG.
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-0924

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is the final copy of the 2013 Annual Report from the Wayne County Office of Legislative Auditor General (OAG). The report is dated February 6, 2014; DAP No. 2014-57-800. The report was accepted by the Audit Committee at its meeting held on February 12, 2014 and formally received by the Wayne County Commission on February 20, 2014.

The report is submitted in accordance with the Rules of Procedures of the Commission, applicable standards of the Institute of Internal Auditors and best practices. The report covers the period of January 1, 2013 – December 31, 2013 and describes the significant activities, efforts and accomplishments of the OAG during that period.

Should you have any questions, concerns, or desire to discuss the report in greater detail, I am available to do so at your convenience. Copies of all final reports of the Office of Legislative Auditor General can be found at our website at:

<http://www.waynecounty.com/commission/lagreports.htm>

Respectfully submitted,

Willie Mayo, CPA, CIA, CGAP, CGMA, CICA
Auditor General

REPORT DISTRIBUTION

County Executive

County-Wide Elected Officials

County Department / Agency Heads





2013 Annual Report

Office of Legislative Auditor General County of Wayne, Michigan

"... strengthening the internal control environment by identifying and assisting in managing and mitigating risks..."

February 2013

**Office of Legislative Auditor General
County of Wayne, Michigan
2013 Annual Report**

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Office of Legislative
Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL



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Letter of Transmittal

February 6, 2014

DAP No. 2014-57-800

Honorable Gary Woronchak, Chairman
Wayne County Commission,
Honorable Raymond Basham, Chairman
Wayne County Committee on Audit,
Members of the Wayne County Commission, and
Honorable Robert A. Ficano, Chief Executive Officer,
County of Wayne, Michigan

Ladies and Gentlemen:

On behalf of the dedicated staff members of the Wayne County Office of Legislative Auditor General (OAG), I am honored and proud to submit our 2013 Annual Report (report). The report highlights the collective efforts and results of the OAG primarily during the 2013 calendar year. The report is submitted in accordance with Section 3.119 of the Wayne County Home Rule Charter, applicable section(s) of the County Code of Ordinances, and Rules of Procedures of the Commission.

Of the many successes and accomplishments achieved during the year, we are proud of the completion of 37 reports/projects, which included 58 recommendations, with a financial impact to the county of over \$46.7 million. We are also proud to report that 81 percent of the previously issued recommendations we followed-up on had been implemented and/or resolved by management.

Management's implementation rate is a clear indication of their shared commitment to reduce and mitigate known and reported risk, and to improve the internal control environment here in the county.

The Office of Legislative Auditor General remains committed to providing high-quality audits, reviews, and special projects that present objective examinations conducted in accordance with professional auditing standards. You can be assured that throughout the audit process we will continue to work diligently to add value for commissioners and county management in their efforts to improve accountability in county government, and to enhance the delivery of services to the citizens of Wayne County.



Honorable Gary Woronchak,
Honorable Raymond Basham,
Members of the Wayne County Commission, and
Honorable Robert A. Ficano
DAP No. 2014-57-800
February 6, 2014
Page 2

We would like to thank Chairman Woronchak, Audit Committee Chair Basham, the current Audit Committee members and all Commissioners for their unwavering support of the internal audit function here at the County. We also recognize that any effectiveness we were able to accomplish was largely possible only through the support and cooperation of the executive branch, led by County Executive, Mr. Robert Ficano, his executive management team, and the other county-wide elected officeholders; we thank them as well.

Respectfully Submitted,


Willie Mayo, CPA, CIA, CGAP, CGMA, CICA
Auditor General

**Office of Legislative Auditor General
County of Wayne, Michigan
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Detroit, Michigan 48226
Phone: (313) 224-0924
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Website: <http://www.waynecounty.com/commission/lagreports.htm>

STAFF DIRECTORY

<u>STAFF MEMBERS</u>	<u>POSITION*</u>	<u>E-MAIL ADDRESS</u>	<u>PHONE</u>
Willie L. Mayo	Auditor General	wmayo@waynecounty.com	(313) 224-7375
Marcella G. Cora	Deputy Auditor General/ Audit Manager/Admin	mcora@waynecounty.com	(313) 224-8354
Wilbur D. Hamner	Audit Manager	whamner@waynecounty.com	(313) 224-6358
Michael Sosnowski	Supervisory Auditor	msosnows@waynecounty.com	(313) 224-7368
John C. Kellett	Supervisory Auditor	jkellett@waynecounty.com	(313) 224-7978
Crystal L. Thomas	Principal Senior Auditor	cdavie@waynecounty.com	(313) 224-6706
David K. Griggs	Principal Senior Auditor	dgriggs@waynecounty.com	(313) 224-7433
Jacklen S. Hermes	Senior Auditor	shermes@waynecounty.com	(313) 224-7395
Vivian M. Shelton	Senior Auditor	vshelton@waynecounty.com	(313) 224-8355
David A. Stubbs	Senior Auditor	dstubbs@waynecounty.com	(313) 224-7382
Andrew D. Rea	Senior Auditor	area@waynecounty.com	(313) 224-7972

* As of January 1, 2014

2013 OAG Annual Report

Executive Summary

This Annual Report covers the period from January 1 through December 31, 2013. Much was accomplished during the year, foremost was the completion of 37 audit and review reports and special projects. Many of them were noteworthy affecting a wide range of programs, operations and services offered by the county. The issued reports and special projects identified or addressed 58 recommendations with a financial impact of over \$46.7 million on county operations. Equally noteworthy, is the 81 percent implementation rate of 124 previously conveyed recommendations that we followed-up on during the year through our corrective and remedial action plans and other engagements. The implementation rate is a testament that county elected officials and managers share our commitment to strengthening the internal control environment by identifying, managing, and mitigating risk here in the county.

This report also includes brief biographical sketches for each of the Office of Legislative Auditor General (OAG) staff members. The value we are able to bring to the county is totally dependent on the quality of the personnel we are able to attract and retain. We believe the county is fortunate that the OAG staff has been successful in assembling an excellent team of professionals with differing and complimentary backgrounds and professional expertise.

We experienced personnel changes during the year. Linda Ornsby-Hendricks, Project Consultant left the Office of Legislative

Auditor General to embrace a new opportunity. We wish her the best in her future endeavors.

OAG staff also gives back to the communities where they work and live. We highlighted a program where one of our staff members volunteered their time to serve others.

The report also describes three (3) noteworthy accomplishments achieved in 2013. In addition to the productivity performance and implementation of recom-

“... identified or addressed 58 recommendations with a financial impact of over \$46.7 million on operations ... 81 percent implementation rate of previously conveyed recommendations ...”

mendations, we note the following: our continued efforts in promoting a paperless working environment; to improve our audit and administrative effectiveness, efficiencies and economy; and our unyielding commitment and success in achieving the professional continuing education and training for our staff required by the authoritative auditing standards we pledge to adhere to in the performance of our engage-

ments. ■

Office of Legislative Auditor General (OAG)

Mission:

Striving to be a world-class internal audit organization, offering value to county managers, officials responsible for governance, and citizens.

The establishment of the Wayne County Legislative Auditor General and related office (OAG) are provided for by Wayne County Home-Rule Charter, Section 3.119, within the Legislative Branch of County government. The duties and functions of the OAG were strengthened through a citizen approved revision to the Home-Rule Charter in 1996. The mission of the OAG is striving to be a world-class internal audit organization, offering value to county managers, officials responsible for governance, and citizens. Our purpose is to examine and evaluate county activities in order to achieve transparency and accountability of public funds, and improve the operations of county government for the benefit of Wayne County citizens and the customers of its services.

The OAG reports and other work products have resulted in changes and improvements to programs that benefit county taxpayers, programs and services, and assist the Commission in its oversight of county operations and resources. The OAG has the responsibility to conduct financial, operational, compliance, specific scope audits, and special projects of all county departments/agencies.

Wayne County government officials and employees are accountable to the citizens of Wayne County for the proper handling of public funds and are responsible for managing county resources effectively, efficiently, and economically.

The reports and other products issued by the OAG provide the citizens of Wayne County with a measure of accountability. Our work products also assist elected officials and department administrators by providing an independent and objective

evaluation of their operations. The OAG's foremost goal is to improve accountability and financial reporting practices while promoting effectiveness, efficiency, and economy in county government.

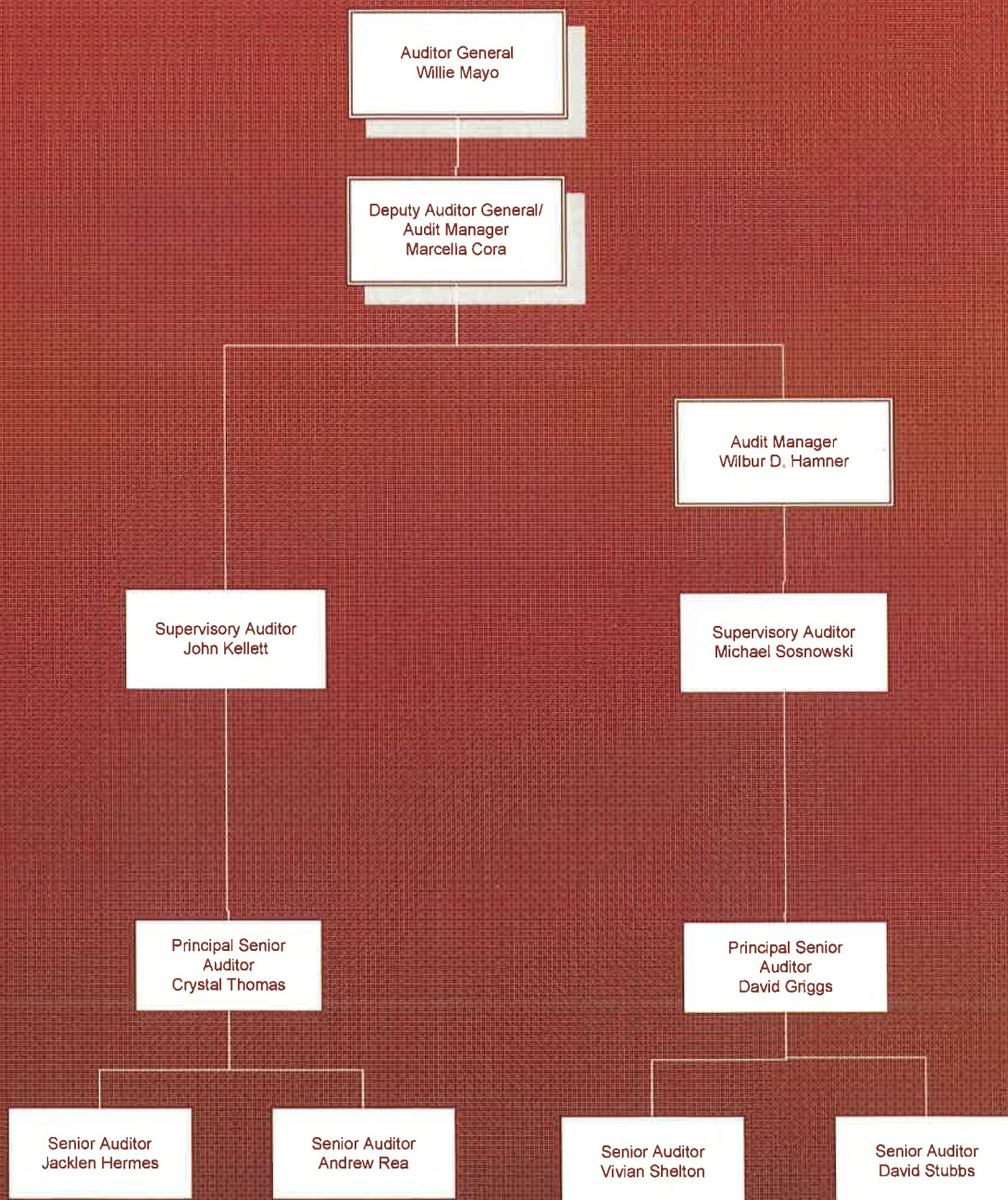
The reports and other products issued by the OAG are performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States and/or International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors (IIA).

The OAG has established 12 Codes of Principles and Conduct to assist and guide our professional staff members in performing their duties and responsibilities in an ethical and appropriate manner. These items require staff members to pledge their allegiance not only to the standards promulgated by GAGAS and IIA but also to the 12 Codes of Principles and Conduct. The principles and conduct require auditors to (be):

- **Focused**
- **Helpful**
- **Straight Down the Line**
- **Determined**
- **Firm**
- **Decisive**
- **Balanced**
- **Objectivity**
- **Confidentiality**
- **Competent**
- **Integrity**
- **Independent ■**



**Wayne County Office of Legislative Auditor General
Organizational Chart
As of January 1, 2014**



Staff Biographical Sketches

Willie L. Mayo, CPA, CIA, CGAP, CGMA, CICA—Auditor General

Mr. Willie Mayo was appointed Auditor General on December 4, 2004, and became the fourth individual appointed to serve as the county's Legislative Auditor General. He joined the county after more than 30 years of a successful accounting and auditing career in the private sector. Before joining the county, Mr. Mayo served as president and chief audit executive for Willie Mayo & Co., P.C. (Mayo & Co.) of Southfield, Michigan, a full service public accounting and consulting firm. He founded the firm in 1981. The firm had a client base of over 200, and specialized in government, non-profit, educational institutions, healthcare, and small business entities. Mayo & Co. was one of the first minority firms in Michigan to be peer reviewed by the American Institute of Certified Public Accountants. Under Mr. Mayo's leadership the firm underwent a peer review every three years and received clean opinions.



Mr. Mayo is a graduate of Wayne State University, Detroit, Michigan, where he earned a Bachelor of Science Degree in Accounting. Mr. Mayo has been a licensed Certified Public Accountant in the State of Michigan since October 1980, and he also has earned the Certified Internal Auditor, Certified Government Auditing Professional, Chartered Global Management Accountant, and Certified Internal Controls Auditor designations. His professional memberships include the American Institute of Certified Public Accountants (AICPA), Michigan Association of Certified Public Accountants (MACPA), the Institute of Internal Auditors (IIA), the Government Finance Officers Association (GFOA), and the Information Systems Audit and Control Association (ISACA). He presently serves as a member of the MACPA's Government Accounting and Auditing Task Force and on the board of the Detroit Chapter of the National Association of Black Accountants – Division of Firms.

Mr. Mayo also serves as a discussion leader and instructional trainer to Certified Public Accountants across the country for the AICPA on an availability basis; in addition, he has provided training to the MACPA participants and other organizations over the last several years. Also, he is a certified instructor with the Department of Personnel/ Human Resources' "Training Brigade."

Marcella Cora, CPA, CIA, CICA, CGMA—Deputy Auditor General / Audit Manager

Ms. Cora began her career with the OAG in April 1999, after five years with the Army Audit Agency, Defense Department, United States. During her tenure with the Army Audit Agency, she received several awards for her outstanding performance. In FY 2005, Ms. Cora was promoted to audit manager and was appointed Deputy Auditor General January 2011. In her current audit duties as Deputy Auditor General she is responsible for oversight of the administrative functions of the office including budgeting/financial reporting, management of the external audit, and managing the day-to-day activities of the OAG. In addition, she continues to serve as an audit manager responsible for overseeing audit activity of nine departments/agencies and several component units.



Since joining the OAG, Ms. Cora has been responsible for many key operational and compliance audits, and special projects, notably the audit/reviews of the Pinnacle Race Track Development, Veterans Services Division, and several engagements in the Sheriff's Office. Ms. Cora has played a key role in the implementation and numerous enhancements to the audit management software package, TeamMate. Ms. Cora is also proficient in many computer aided auditing techniques and tools, including ACL.

Ms. Cora was responsible for overseeing the preparation for the Association of Local Government Auditors (ALGA) external quality control review that resulted in the OAG obtaining a successful "orange book" peer review.

She is a graduate of Davenport university. She is a licensed Certified Public Accountant in the State of Michigan, a Certified Internal Auditor, Certified Internal Controls Auditor, and Chartered Global Management Accountant. She has memberships in several professional organizations including the American Institute of Certified Public Accountants, Michigan Association of Certified Public Accountants, institute of Internal Auditors, Government Finance Officers Association, and the Association of Certified Fraud Examiners. She is extremely community minded and spent twelve years as a member of the River Rouge Board of Education.

TEAM 1 – CORA Responsible for the following:	
Departments/Agencies	Component Units
Chief Executive Office	Brownfield Redevelopment Authority
Office of County Clerk	Wayne County – Detroit CDE, Inc.
County Commission	Development Corporation of Wayne County
Economic Development Growth Engine	Economic Development Corporation of Wayne County
Health and Human Services (including the Mental Health Agency)	Health Choice of Michigan
Management & Budget	Wayne County Land Bank Corporation
Senior Citizens / Veteran Affairs	Metropolitan Growth and Development Corporation
Office of Sheriff	Wayne County Regional Jobs and Economic Growth Foundation
Technology	The Greater Wayne County Economic Development Corporation
	Third Circuit & Probate Courts

John C. Kellett, CGAP, CICA - Supervisory Auditor

Mr. Kellett joined the Auditor General's Office in April 1999 as a Staff Auditor. His most recent promotion was in October 2010 when he was promoted to Supervisory Auditor. During his time with the office, Mr. Kellett has worked on many types of audits and special projects and recently the Sheriff's Electronic Monitoring Unit (Tether), Jail Commissary and Vehicle Fleet Operations Reports.



In 2013, Mr. Kellett served as a peer review team member for the Association of Local Government Auditors (ALGA) and conducted a peer review for the County of Allegheny, Pennsylvania where he attested to their compliance with Government Auditing Standards (Yellow Book) issued by the Comptroller General of the United States.

He also spearheaded the implementation of the TeamMate R10.2 software update for the OAG's electronic work paper system. Over the last ten years he has been the leader of the Auditor General's Technical Assistance Group providing critical technical support for our computer aided auditing techniques and tools (CAATT) software. These CAATT help the office become more efficient and streamline audit processes.

Mr. Kellett earned his Bachelor's Degree from Eastern Michigan University and is a graduate of Walsh College where he received his Master's of Art Degree in Economics. In October 2013, Mr. Kellett successfully passed the written examination to obtain the professional certification "Certified Government Auditing Professional (CGAP)" from the Institute of Internal Auditors. He also is a Certified Internal Controls Auditor and is currently pursuing his Certified Internal Auditor Certification. Mr. Kellett is also a member of the Institute of Internal Auditors.

Crystal L. Thomas – Principal Senior Auditor

Ms. Crystal Thomas joined the Office of Legislative Auditor General's Staff in April 2005 as the Legislative Staff Assistant and Confidential Secretary 1. She was promoted to Office Manager, and later to Senior Auditor in 2008 after earning her Bachelor of Science degree. Ms. Thomas was promoted to Principal Senior Auditor in the fall of 2010. In fiscal year 2013, Ms. Thomas has been the lead auditor on nine (9) OAG Engagements. She is a recipient of the Recognition of Achievement Award issued by Wayne County in 2006 and one of the recipients of the Meritorious Team Achievement Award in 2008.



Ms. Thomas currently holds an Associate of Arts degree from Henry Ford Community College and a Bachelor of Science Degree from Franklin University. She currently is pursuing a certification as a Certified Internal Auditor and a Masters Degree in Management with a concentration in finance at Walsh College.

Ms. Thomas is a member of the Institute of Certified Internal Auditors and Association of Certified Fraud Examiners.

Jacklen Hermes – Senior Auditor

Ms. Jacklen Hermes joined the Auditor General's staff in October 2005. She joined after six years with the SAYO Company, Inc. where, in addition to her responsibilities as an accountant, she served in several other departments. Ms. Hermes also worked two years as an accountant for a local CPA firm.

In 2008, Ms. Hermes was promoted to Senior Auditor where part of her responsibilities are to determine whether departments and agencies in the county are performing their operations in compliance with county policy and procedures, best management practices and in a manner consistent with the department's mission, objectives and goals.



Ms. Hermes received her Bachelor of Arts Degree in Business Management – Accounting from Al-Mustansiriya University in Baghdad, Iraq. She is currently enrolled in the Master's Degree Program at Walsh College with a specialization in Business Management. In addition, Ms. Hermes is currently pursuing her Certified Internal Auditor designation. She is a member of the Institute of Internal Auditors.

Andrew Rea – Senior Auditor

Mr. Andrew Rea joined the Office of Legislative Auditor General's staff in June 2009. Mr. Rea brought to the OAG five (5) years of experience in the public/private sector. He also brought experience in investigative techniques acquired through his formal education. In recognition of his efforts, he was promoted to Senior Auditor in 2010. As an auditor, he has played a large role in several important engagements, notably, the audits/reviews of the Pinnacle Race Track Development, Central Accounts Receivable/Billing and Collection Activity, Examination of Billing Processes - Children & Family Services, and the Wayne County Land Bank Corporation.



Mr. Rea attended Michigan State University where he obtained a Bachelor of Arts Degree. His future goals include obtaining a Master's Degree and pursuing the Certified Internal Auditor certification. Mr. Rea is a member of the Institute of Internal Auditors. ■

TEAM 2 – HAMNER Responsible for the following:	
Departments/Agencies	Component Units
Homeland Security and Emergency Management	Wayne County Airport Authority
Children and Family Services	Wayne County Building Authority
Corporation Counsel	Chapter 8, 20 and 21 Drainage Districts
Environment	Detroit-Wayne County Stadium Authority
Personnel / Human Resources	Sewage Disposal Systems
Prosecuting Attorney	
Public Services	
Register of Deeds	
Treasurer	

Wilbur D. Hamner, CRMA, CICA, EA – Audit Manager

Mr. Wilbur Hamner joined the Auditor General's staff in September 1998. He brought with him over 12 years of financial accounting experience in the legal and health care fields. Since joining the office, Mr. Hamner has excelled and in 2007, he was promoted to his current position of Audit Manager. Mr. Hamner has played a vital role in the development and implementation of the OAG's risk-based audit approach, implementation of audit management software (TeamMate) and accompanying operational processes. He was a key member in the preparation of the Association of Local Government Auditors (ALGA) quality control documentation that resulted in the OAG obtaining a successful "orange book" peer review.



Mr. Wilbur Hamner has performed numerous operational, attestation, consulting, financial, and compliance audits. Mr. Hamner has been instrumental in conducting an annual agreed-upon procedures audit that has assisted the Treasurer's Office in identifying a number of county businesses that were not remitting a mandated excise tax (Stadium Excise Tax) to the County Treasurer. As a result, the County Treasurer's Office has increased its annual collections of excise tax revenues.

Mr. Hamner was selected as a Peer Review team member by the Association of Local Government Auditors (ALGA) to conduct a peer review of a governmental internal audit division and attest to their compliance with IIA auditing standards.

Mr. Hamner is a graduate of Wayne State University and holds a Bachelor of Science Degree in Accounting. In July 2013, he obtained a professional certification from the Institute of Internal Auditors "Certification in Risk Management Assurance (CRMA)." The CRMA demonstrates an individual's ability to evaluate the dynamic components that comprise an organization's governance and enterprise risk management program and to provide advice and assurance on core business processes with a focus on strategic organizational risks and risk management.

He also is a Certified Internal Controls Auditor and an Enrolled Agent with the Internal Revenue Service. Mr. Hamner is presently pursuing the Certified Internal Auditor certification. He holds professional memberships with the Institute of Internal Auditors and the Association of Government Accountants.

Michael Sosnowski, CIA - Supervisory Auditor

Mr. Sosnowski joined the Auditor General's staff in January 2007. He brought with him 30 years of business experience, 18 of which were spent at AT&T. While there, he worked in Internal Audit, Finance, Operational Planning & Support, and IT. A major accomplishment with AT&T was the development of a corporate wide cross-functional change management request process.



Some of the more important engagements Mr. Sosnowski has supervised include:

- Commission Payroll
- Examination of Payroll and Benefit Transactions & Processes
- Golf Course Operations
- Budget Sensitive Issues/Review of County's Annual CAFR
- Wayne County Consolidated Jail Facility Construction Cost
- Wayne County Sheriff's Office Food Service Operations

Mr. Sosnowski earned a Bachelor of Arts Degree in Accounting from St. Thomas University, St. Paul, MN. He received his Master's Degree in Business Administration from Wayne State University. He is a Certified Internal Auditor. Mr. Sosnowski is a member of the Institute of Internal Auditors, and Non-CPA affiliate member of the Michigan Association of Certified Public Accountants. Mr. Sosnowski also serves as an adjunct instructor at two local universities.

David K. Griggs – Principal Senior Auditor

Mr. David Griggs joined the Auditor General's staff in April 2012. He brought with him 26 years of business experience, which includes external and internal auditing, corporate accounting, budgeting and finance. Mr. Griggs obtained his internal auditing experience at General Motors Acceptance Corporation (GMAC). At GMAC, he was part of the Sarbanes-Oxley (SOX) audit implementation team that successfully reviewed internal controls of the organization and developed meaningful recommendations. Most recently, Mr. Griggs spent four years working as an auditor for the City of Detroit performing operational and attestation audits and special projects.



Mr. Griggs is a graduate of Mercy College of Detroit and holds a Bachelor of Science Degree in Accounting (major) and Business Administration (minor). Mr. Griggs also plans to pursue his Certified Internal Auditor certification. He holds a professional membership with the Institute of Internal Auditors.

David A. Stubbs – Senior Auditor

Mr. David Stubbs joined the OAG staff in August 2005. He brought more than 20 years of accounting and auditing experience from the public and private sectors. Prior to joining the county, Mr. Stubbs worked as an external auditor, examining federal institutions, governmental agencies, non-profit organizations, educational institutions, and private business entities. As a Senior Auditor, Mr. Stubbs has worked on a variety of projects such as the Financial Assessment – Attestation Review Report for the Wayne County Comprehensive Annual Financial Report (CAFR) and the Operational Audit for the Wayne County Employee Retirement System.



Mr. Stubbs earned a Bachelor's and a Master's Degree in Business Administration from the University of Phoenix, both with a concentration in Accounting and Finance. His future plans include the pursuit of his Certified Internal Auditor designation, the completion of his Doctorate and to become a published author. He is a member of the Institute of Internal Auditors.

Vivian M. Shelton – Senior Auditor

Ms. Shelton joined the staff of the Office of Legislative Auditor General in August 2005. She brought with her nearly 20 years of experience as an administrator and audit professional with a local CPA firm. While there, Ms. Shelton was responsible for a variety of administrative, bookkeeping and accounting functions. As the OAG's office manager, Mrs. Shelton was responsible for the office's administrative matters and served as audit coordinator. As audit coordinator, she was responsible for monitoring completion of audits, reviews, other report projects and work product file maintenance.



As a result of hard work and dedication, Ms. Shelton was promoted to Senior Auditor in December 2007. In this role, she conducts operational, financial, and compliance audits.

Ms. Shelton earned her Bachelor of Science Degree in Business Administration with a concentration in Accounting from the University of Phoenix. She is also presently pursuing her Certified Internal Auditor certification and is a member of the Institute of Internal Auditors.■

Personnel Changes

During the year, the OAG experienced some personnel changes. Mrs. Linda Ornsby-Hendricks, Project Consultant, resigned from the Office of Legislative Auditor General in February of 2013 .■

Strategic Audit Group

The Strategic Audit Group (SAG) was established in 2007. The responsibilities of this group are to review, develop and revise audit policies and procedures and design appropriate audit/project procedures and processes to ensure the audit and other work products of the OAG are in compliance with authoritative professional standards and best practices. The members of the SAG team consist of the following OAG team members:

- Willie Mayo, Auditor General
- Marcella Cora, Deputy Auditor General
- Wilbur Hamner, Audit Manager
- John Kellett, Supervisory Auditor ■

Technical Assistance Group

The OAG established the Technical Assistance Group (TAG) several years ago. The members of the TAG team consist of the following individuals:

- Marcella Cora, Deputy Auditor General
- John Kellett, Supervisory Auditor
- Andrew Rea, Senior Auditor

This group has been very instrumental in providing leadership and technical support in the area of office technology including the selection, installation, implementation and daily support for the OAG's computer systems, software, and related peripherals. It also develops policies and procedures for use and care of computer hardware, software and peripherals. The group is comprised of a team with diverse disciplines committed to ensuring the OAG utilizes the most effective and efficient computer aided auditing tools and technologies, or Computer Assisted Auditing Tools and Techniques (CAATT), in our audit and administrative processes. The group also is responsible for development and maintenance of the office's webpage. The group has allowed the OAG to eliminate many of the routine service calls that otherwise may have gone to the county's help desk. ■

Employee Achievement

Staff Achievement(s)

During the year, John Kellett and Wilbur Hamner received the Institute of Internal Auditors specialty certifications, as a Certified Governmental Auditing Professional (CGAP) and Certification in Risk Management Assurance (CRMA). ■



Willie Mayo (L) and John Kellett (R)
AG Congratulates Mr. Kellett for his
achievement of his CGAP certification.



Willie Mayo (L) and Wilbur Hamner (R)
AG Congratulates Mr. Hamner for his
Achievement of his CRMA certification.

Giving Back to Our Community



During the year, a staff member in the OAG volunteered their time, talents and professional expertise to assist in a community charitable initiative on behalf of Wayne County and themselves. A list and brief description of the organization they volunteered to serve is below:

The Compassionate Friends

Ms. Vivian Shelton, Senior Auditor, volunteers her time to the Detroit Chapter for The Compassionate Friends (TCF). TCF is a nationally recognized non-profit organization which provides comfort, hope and support to every family experiencing the death of a son, daughter, sister, brother or grandchild. The program goal is to help and assist grieving families cope with the loss of a child. ■

Focused

Helpful

*Straight down
the line*

Determined

Firm

Decisive

Balanced

Objectivity

Confidentiality

Competent

Integrity

Independent

2013 Significant Accomplishments

Majority of Recommendations Implemented

Arguably, the single most measure of effectiveness of any internal audit organization is the level or rate of implementation of the recommendations contained in issued reports. We are extremely proud to report in 2013 that 5 completed corrective action plans, and follow-up review reports examined a total of 58 previously issued recommendations. Management had sufficiently implemented or are in the process of addressing 47 recommendations, or 81 percent of them. Moreover, we recognize that the implementation rate achieved is a testament to elected officials and management's desire and willingness to improve the risk environment here in the County despite reduced resources.

Listed below is a summary status of the recommendations addressed during 2013.

Total Number of Recommendations Examined	Status				
	Resolved	Partially Resolved	In Process	No Longer Applicable	Not Yet Resolved
58	29	0	18	0	11

Paperless Reporting

During the year, we have continued our efforts to promote our "green initiative" by continuing a paperless audit report transmittal process. The expected benefits for making this move to paperless reporting are not only cost savings in the form of printing cost and reduced time for filing and maintaining paper reports, but also improvements in operations and efficiency and more timely communication.

Training Goals Achieved

Ensuring that each audit professional staff member receives the required continuing professional education credits and training is essential for any effective internal audit organization; especially those peer reviewed such as the OAG. During the year, the OAG provided education and training opportunities to each professional audit staff member. This training ensures each staff member receives the proper continued professional education credits of 80 hours (every two years) required under the Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States. During the year we also ensured staff obtain the required training to perform audits in accordance with the

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Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the American Institute of Certified Public Accountants.

We believe staff development is a continuous process that benefits both the staff and county by ensuring staff enhance their skills and stay abreast of current industry guidance and best practices. See Appendix A for a detailed listing of seminars and conferences attended by staff during the year. Much of the training received during the year was obtained through webinars, webcasts and on-line tutorials. This was done to control our expenditures in this area.



2013 Annual NABA – DOF Conference.



OAG staff at 2013 Annual NABA Conference.

Another method in which the OAG provides staff development is through the support of staff members and their efforts to obtain professional certifications, including, but not limited to:

- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Government Financial Manager (CGFM)
- Certified Fraud Examiner (CFE)
- Certified Information Systems Auditor (CISA)
- Certified Internal Controls Auditor (CICA)
- Certified Risk Management Auditor (CRMA)
- Certified Government Audit Professional (CGAP)

The OAG professional development goal is to maximize the value of the Auditor General's work by continuing to promote quality, professionalism, and productivity. The OAG continuously encourages all staff to pursue professional certifications and maintain memberships in various professional organizations. These memberships allow staff to interact and network with professional colleagues and stay abreast of the latest trends and best practices in the industry. In addition, through these various professional organizations, members of the OAG are able to demonstrate their leadership skills by serving on various committees. The Auditor General currently serves on the Michigan Association of Certified Public Accountant's Governmental Accounting & Auditing Task Force. He also served as co-chair for the Detroit Chapter of the National Association of Black Accountants - Division of Firm's, Annual Professional Development Conference. Other members of the OAG also serve in leadership positions in various professional organizations.

Auditor General's Wall of Service

Focused

The Office of Legislative Auditor General (OAG) began the process of creating a collection of the photographs of individuals that have held the position of Auditor General over the years. This collection goes back to 1986 when Lester Robinson was the first Auditor General followed by Ramona Henderson, Brendan Dunleavy and the current Auditor General, Willie Mayo.

Helpful

*Straight down
the line*

We believe this collection is a tribute to these individuals and the outstanding work in examining and evaluating county activities in order to achieve transparency and accountability of public funds, and improve the operations of county government for the benefit of Wayne County citizens and the customers of its services.

Determined

The OAG is planning to hold a press conference and luncheon in the latter part of 2014 to give recognition to all of the former auditor generals who have served Wayne County in that capacity over the last 30 years. ■

Firm

Decisive

Balanced

Objectivity

Confidentiality

Competent

Integrity

Independent

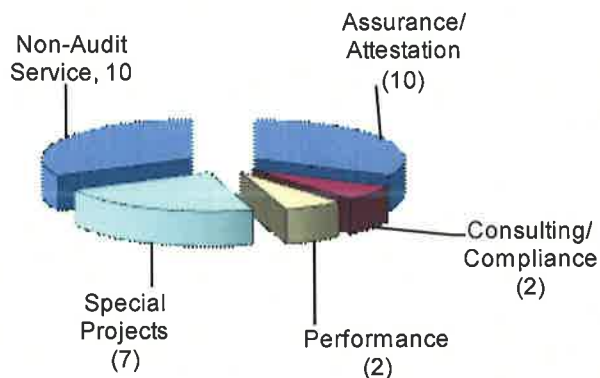
2013 OAG Annual Report

2013 Productivity in Review

Our 2013 audit work plan identified 40 reports/projects to be completed for the year. The OAG completed and issued 31 audit or review reports/projects as well as 6 administrative project equaling 37 reports. The completed audit or review reports/projects consisted of (10) Assurance/Attestation, (2) Consulting/Compliance, (2) Performance, (10) Non-Audit Services, and (7) Special Projects. The 31 audit review reports contained 124 recommendations and had an impact of over \$46.7 million on county operations. The types of impact included, but not limited to: revenue opportunities, cost avoidance/savings, inappropriate/questionable expenditures related to operations and programs, and recovery of cost for services. Based on our productivity goal of 40 completed reports/projects for 2013, we achieved 93 percent of the goal. Of the 124 recommendations, 66 were new and the 58 involved previously issued recommendations where we determined the status of their implementation.

The following pie chart illustrates the breakdown of completed reports/projects by type. We also included a synopsis of a few key reports/projects that could have a measurable impact on county operations if the recommendations contained in the reports are fully implemented. See Appendix B for a detailed listing of all completed 2013 reports/projects.

Summary of Completed Audits or Review Reports/Projects



Assurance/Attestation

During the year, 27 percent of our completed reports/projects were Assurance/Attestation engagements. These types of engagements included Assurance, Agreed-Upon Procedures, and Operational Risk. These engagements involve an internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system, or other subject matter. There are generally three parties involved in an assurance/attestation engagement: (1) the person or group directly involved with the process, system, or subject matter - the process owner; (2) the person or group making the assessment - the internal auditor; and, (3) the person or group using the assessment - the user.



One assurance engagement that had an impact on county operations are summarized below.

Wayne County Sheriff's Office—Sheriff Vehicle Fleet Operations

The OAG conducted a Compliance Review Report on the Sheriff Vehicle Fleet Operations. Our report indicated that based on our analysis and review of the vehicle fleet operations and use of fuel, there appears to be opportunities to reduce the number of vehicles including those assigned as take-home vehicles along with the use of fuel. Specifically, at the time of our review, the Sheriff's Office had 232 vehicles of which 63 were take home. In addition, the analysis showed 93 fuel cards assigned. More important, the report noted that the Wayne County Sheriff's Office (WCSO) does not have policies or guidelines to determine which employees should have a take-home vehicle nor is there mileage logs supporting the use of the vehicles.

In addition, the report noted that the WCSO was not in compliance with any of the provisions of the county's Vehicle Use Ordinance including submission of quarterly reports to the commission on the assignment of vehicles, completion of vehicle release forms and annual validations, and monthly usage report filing with the Department of Management & Budget.

Focused

Helpful

*Straight down
the line*

Determined

Firm

Decisive

Balanced

Objectivity

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Independent

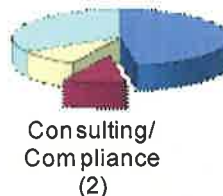
The WCSO was generally not in compliance with key provisions of their own Comprehensive Vehicle Policy related to credit cards including monitoring and reconciliation of credit card transactions. Specifically, credit card receipts are not being submitted, reconciled nor maintained by the finance person who approves processing of the credit card fuel bills. The report noted that the county was not in compliance with Public Act 266 of 1995 which requires the Wayne County Commission to adopt by resolution a policy on credit cards.

Finally, the controls over vehicles and use of fuel cards were not sufficient. The WCSO does not have clearly defined processes and procedures to ensure proper use of its fuel credit cards nor do they maintain adequate records of fuel and non-fuel transactions. In addition, the WCSO does not have a system of internal controls that at a minimum establishes a centralized unit for processing, tracking and oversight of fuel card usage and billings across all units including insufficient monitoring.

Consulting/Compliance

The OAG receives requests from the County Commission, other elected officials, and department heads to review specific activities or programs not necessarily identified in our annual audit/work plan. Frequently, because of their intimate knowledge of county government operations and close contact with constituents, Commissioners become aware of problems or areas of concern that are communicated to the OAG and request for reviews and/or assessments are received. As a result, we have developed a consulting review engagement to respond to these requests. Many of these engagements have resulted in confirmation of the existence of problems and formulation of solutions to address or improve county operations and services.

Our responsiveness to these requests enhances the Commission's and other county officials' ability to carry out their oversight responsibilities and respond to constituent concerns thoroughly and completely.



Attestation

Department of Public Services—Parks and Recreation Division— Golf Course Operations

Based on the Office of Legislative Auditor General's annual audit plan, we conducted an Attestation/Compliance engagement within the Wayne County Department of Public Services—Parks and Recreation Division. The purpose of our review was to identify key risks and contract compliance related to the Parks and Recreation Division oversight of golf course operations and reported revenues; and to assess whether management has appropriate controls in place to sufficiently manage or mitigate the identified risks.

Based on our examination, we found areas within contractual compliance by the Concessionaire and contract monitoring by Parks Division M&B that could be strengthened, including: (a) Concessionaire submitting monthly operating statements and revenue payments in accordance with contractual terms; (b) compliance with the county's fee ordinance; (c) improved monitoring and accountability over complimentary golf passes; and, (d) the type of audit engagement performed by the external auditor.

In total, there were fifteen (15) areas of concern and recommendations related to Parks and Recreation Division's Golf Course operations that were considered to be operational and design control deficiencies which are classified as relatively low risk.

Management agreed in principle with the 15 recommendations and has begun, mitigated, or intend to implement corrective actions to address the conditions found.

Wayne County Sheriff's Office—Jail Commissary Unit

The OAG conducted an Attestation Assurance Review Report on the Jail Commissary Unit, Sheriff's Office. Our report indicated that the overall governance processes including control environment, organizational structure, philosophy and ethical values or governance of the Jail Commissary needs improvement in order to achieve the program's mission, goals, and objectives. The report identified board designees who work within the department at the operational level as well as sit on the governing board making decisions and approving actions recommended from the operational level as problematic and creates the appearance that independency can be affected. The report noted that Jail Commissary needs to improve their process of identifying risk and well as establishing necessary controls to mitigate risks. Specifically, management needs to have better oversight over the areas of inventory processes and timekeeping.

Focused

The report also identified that Jail Commissary provided a reasonable assurance that the unit is achieving its goals and objectives. However, we identified several areas of non-compliance within their operations that need to be addressed such as conducting inventory on a quarterly basis, preventing cash sales to employees, and seeking better technology for the sale of goods.

Helpful

Finally, we noted that the Jail Commissary was not procuring using the county's procurement process which is to ensure that the Jail Commissary is obtaining the most competitive price for purchases made.

*Straight down
the line*

Determined

Performance

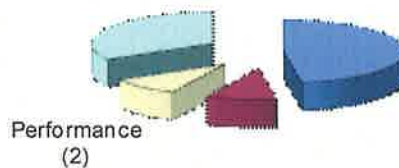
Firm

The Office of Legislative Auditor General performed a Performance Audit of the Department of Public Services, Engineering Division, Permit Office. The purpose of our audit was to evaluate the effectiveness and efficiency of operations in the Permit Office.

Decisive

Balanced

Objectivity



Confidentiality

Competent

Integrity

Independent

Based on our review, we noted several areas of improvement that could be made to the Permit Office operations. Of the six findings/recommendations four (4) issues related to risk and controls, such as: (a) updating the computer system used to process and track permits and review applications; (b) implementing a financial reporting mechanism; and, (c) review outstanding deposits in order to comply with the State's Escheats law. Two (2) issues were related to finance activities/processes such as: (a) enhancing controls over cash receipts; and, (b) establishing policies and procedures over the permit application process in order to mitigate the need to negotiate settlements.

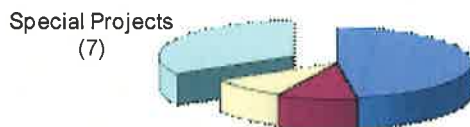
2013 OAG Annual Report

Two recommendation were classified as material weaknesses; two (2) as significant deficiencies; and two (2) as operational control deficiencies. Permit Office management will need to address these identified areas of risk within the unit in the near term to manage these risks, as well as mitigate issues related to compliance with state laws and avoid potential litigation from bond deposit owners.

Special Projects

Seven special projects were completed by the OAG during 2013, which represented approximately 19 percent of the total reports/projects.

Special projects represent an array of work projects from development of our annual audit/work plan to our annual report.



HealthChoice of Michigan—Finance Policy and Procedures

At the request of the HealthChoice of Michigan Board of Trustees, we were requested to review a finance policy adopted by the trustees dated May 21, 2012, for adequacy and completeness. As a special project engagement, the report was performed for informational purposes or to gain an understanding and/or suggested improvements related to a particular subject matter.

From our review of the Finance Policy and Procedures, we were able to provide some observations for consideration by the Board of Directors to strengthen the finance policy. Some areas noted, included the following:

Focused

Municipal Health Public Act - The policy should state the corporation is established under the Municipal Health Facilities Corporation Act 230 of 1987 to manage health care programs benefiting county residents and employees of county businesses that are unable to provide benefits to their employees.

Helpful

Component Unit – There should be a determination made by management on whether or not HealthChoice as a component unit is required to adhere to the Wayne County Ordinances.

*Straight down
the line*

Budget Amendments – The policy should state that management is required to amend the budget as soon as a deviation is apparent and provide the amendment to the Board of Trustees for approval.

Billing/Collections – The billing and collection functions should be segregated.

Check Signers - All check signers shall be adequately bonded.

Determined

Disbursements - The check handling and cash disbursement function should be segregated.

Investment Policy – There should be a policy related to the investment of cash similar to the investment policy established by the county.

Firm

The OAG met with the current Executive Director and Finance Manager and noted that corrective actions, including the establishment of policies and procedures, have been taken on behalf of the organization. ■

Decisive

Balanced

Objectivity

Confidentiality

Competent

Integrity

Independent

APPENDIX A

**LIST OF TRAINING SEMINARS AND CONFERENCES ATTENDED
2013**

**WAYNE COUNTY OFFICE OF LEGISLATIVE AUDITOR GENERAL
LIST OF TRAINING SEMINARS AND CONFERENCES ATTENDED
2013**

SPONSORING ORGANIZATION	SEMINAR / CONFERENCE	DATE(S) ATTENDED
Bisk Education CPEasy	Network Nonprofit Report / Network Governmental Accounting	1/1/13 -12/31/13
Plante & Moran	Plante & Moran Governmental Training	6/7/13
National Association of Black Accountants – DOF, Detroit	Professional Development Conference	11/25/13-11/27/13
Rehmann	GASB 67 and 68 – Pension Updates	3/20/13
Wayne County Department of Technology	Cyber Security Awareness Training	9/5/13
Wayne County Purchasing Division	Procurement Training & Update(s)	4/30/13
Thompson	W-2s vs 1099s Who Should be an Independent Contractor	5/21/13

APPENDIX B

**COMPLETED AUDIT AND REVIEW REPORTS
AND SPECIAL PROJECTS
2013**

**WAYNE COUNTY
OFFICE OF LEGISLATIVE AUDITOR GENERAL
COMPLETED AUDIT AND REVIEW REPORTS
AND SPECIAL PROJECTS
2013**

Proj. No.	Report/Activity Title	Report Date	Date to AC	DAP No.	Activity Type
1	DEU Drug Destruction	2/26/2013	3/13/2013	2013-57-808	AA
2	WCERS FY 2012 Defined Benefit Plan	3/19/2013	4/10/2013	2013-57-903	AA
3	WCERS FY 2012 Defined Contribution Plan	3/19/2013	4/10/2013	3013-57-902	AA
4	Jail Commissary Unit	3/12/2013	6/12/2013	2012-57-011	AA
5	Procurement Monitoring & Performance	8/26/2013	10/30/2013	2011-57-009	AA
6	Sheriff Vehicle Fleet Operations	10/22/2013	11/13/2013	2013-57-004A	AA
7	DPS Golf Course Operations	1/23/2013	2/13/2013	2010-57-014	AA
8	Payroll and Benefit Transactions-CAP	7/11/2013	7/17/2013	2012-57-015	AA
9	Payroll and Benefit Transactions-Follow-Up	N/A	8/28/2013	2012-57-015A	AA
10	Golf Course-CAP	9/19/2013	9/18/2013	2013-57-007	AA
11	Electronic Monitoring Unit	9/19/2013	9/18/2013	2013-57-005	AA/PERF
12	DPS Permits Office	9/19/2013	9/25/2013	2012-57-856	AA/PERF
13	OAG Pierce Monroe & Assoc. Remedial Action Plan	1/14/2013	1/30/2013	2012-57-905	CC
14	Budget Sensitive/CAFR Review FY 2012	5/15/2013	6/12/2013	2013-57-804	CC
15	DWCCMHA FY 2011 Fin. St. and A-133 RAP	1/9/2013	1/30/2013	2102-57-810	Non-Audit
16	WCCMHA FY 2012 Fin. Statements	3/27/2013	5/8/2013	2013-57-901	Non-Audit
17	Land Bank FY 2012	5/16/2013	6/12/2013	2013-57-908	Non-Audit
18	Stadium Authority FY 2012	6/3/2013	7/17/2013	2013-57-907	Non-Audit
19	Chapter 21 FY 2012	7/17/2013	9/18/2013	2013-57-909	Non-Audit
20	Sewage Disposal FY 2013	9/25/2013	10/30/2013	2013-57-910	Non-Audit
21	Wayne County Airport Authority FY 2012 F.S.	4/3/2013	4/10/2013	2013-57-900	Non-Audit
22	Building Authority FY 2012	4/13/2013	6/12/2013	2013-57-905	Non-Audit

**WAYNE COUNTY
OFFICE OF LEGISLATIVE AUDITOR GENERAL
COMPLETED AUDIT AND REVIEW REPORTS
AND SPECIAL PROJECTS
2013**

23	Budget Impact of DWCCMHA to an Authority	5/22/13	5/8/2013	2013-57-003	Non-Audit
24	HealthChoice of Michigan FY 2012	10/29/2013	11/13/2013	2013-57-911	Non-Audit
25	2012 OAG Annual Report	2/6/2013	2/13/2013	2013-57-800	SP
26	SAS 114 Letter	1/31/2013	3/27/2013	2013-57-802	SP
27	Report on Internal Controls	1/31/2013	3/27/2013	2013-57-802A	SP
28	ALGA Peer Review Allegheny County	N/A	N/A	2013-57-809	SP
29	2013 Audit/Work Plan	2/28/2013	3/13/2013	2013-57-801	SP
30	HealthChoice of Michigan Policy Review	10/29/2013	11/13/2013	2013-57-813	SP
31	Letter for Receipt of Component Unit F.S.	N/A	10/30/2013	2011-57-821B	SP
32	1 st and 2 nd Qtr Status of Referrals	N/A	4/10/2013 & 10/30/2013	2013-57-806 & "A"	ADM
33	1 st and 2 nd Qtr Approp. Ord. Requests	N/A	4/10/2013 & 10/30/2013	2013-57-805 & "A"	ADM
34	1 st and 2 nd Qtr Status on Outstanding Issues	N/A	4/10/2013 & 10/30/2013	2013-57-807 & "A"	ADM
35	FY 2014 Budget Submission	N/A	N/A	2013-57-811	ADM
36	FY 2014 Budget Hearings	N/A	N/A	2013-57-812	ADM
37	FY 2014 Financial Activity	N/A	N/A	2012-57-814	ADM

AC* - Audit Committee

AA – Assurance/Attestation (Agreed Upon Procedures, Operational Risk, Performance)

CC – Consulting/Compliance (OAR, Consulting)

Non-Audit – Financial Assessment Limited Review

SP – Special Project

ADM – Administrative

Wayne County Commission Leadership

Chairman

Vice Chair

Vice Chair Pro Tempore



Alisha R. Bell



Gary Woronchak



Jewel Ware

The Audit Committee Members

Responsibilities:

Mandated by the Wayne County Charter, the committee reviews the reports of the independent external auditor and the Auditor General. It also monitors compliance with audit findings and the county's internal control environment.



Ray Basham
Chairman



Ilona Varga
Vice -Chair



Diane Webb



Tim Killeen



Irma Clark-Coleman



2013 ANNUAL REPORT
WAYNE COUNTY OFFICE OF LEGISLATIVE AUDITOR GENERAL

Website: <http://www.waynecounty.com/commission/lagreports.htm>